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*To ensure access to high-quality,
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County residents through direct
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community and university
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November 01, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION FOR DELEGATED AUTHORITY TO EXECUTE
AGREEMENTS, AMENDMENTS AND CONTRACT
ASSIGNMENTS/DELEGATIONS AND RATIFY TERMINATION NOTICES
UNDER AGREEMENTS WITH THE PERSONAL ASSISTANCE SERVICES
COUNCIL, L.A. CARE HEALTH PLAN AND COMMUNITY HEALTH PLAN
PROVIDERS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request delegated authority for contractual actions necessary to transfer the In-Home Supportive Services (IHSS) Health Care Plan product line to L.A. Care, as the next stage of the policy direction approved by your Board to transition the Community Health Plan (CHP) staff to serve as the Medical Service Organization (MSO) function for the Department of Health Services (DHS), concentrate DHS resources on being the key provider of health care for Medi-Cal and uninsured populations in Los Angeles County, and transition all lines of business from the CHP to L.A. Care Health Plan (L.A. Care) to assume all health plan functions.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services, or his designee, to execute amendments to existing provider agreements or to execute new provider agreements with L.A. Care, to include In-Home Supportive Services (IHSS) enrollees, effective January 1, 2012, subject to review and approval by County Counsel and notification to your Board and the Chief Executive Office (CEO).

2. Delegate authority to the Interim Director of Public Social Services, or her designee, to execute an amendment to Agreement No. 72426 between Los Angeles County and the Los Angeles County Personal Assistance Services Council (PASC) to adjust the agreement as necessary to effect the transition of the IHSS Health Plan enrollees from CHP to L.A. Care, effective January 1, 2012, subject to review and approval by County Counsel and notification to your Board and the CEO.
3. Delegate authority to the Interim Director of Public Social Services, or her designee, to execute an Agreement with L.A. Care to serve as the fiscal intermediary for the PASC in making the capitation payments on their behalf, consistent with an agreement between the PASC and L.A. Care for the IHSS Health Plan, effective January 1, 2012, and consistent with the provisions of Agreement No. 72426 between the County and the PASC related to the IHSS Health Plan, subject to review and approval by County Counsel and notification to your Board and the CEO
4. Delegate authority to the Director of Health Services, or his designee, to give appropriate notices and provide necessary regulatory filings to the California Department of Managed Health Care, as needed to transition the CHP enrollees in the IHSS Health Plan to L.A. Care, effective January 1, 2012.
5. Delegate authority to the Director of Health Services, or his designee, to execute Amendments and contract assignments/delegations to L.A. Care, and ratify required termination notices, under CHP agreements with health care providers (e.g. physician groups and hospitals) for IHSS enrollees to transition the CHP enrollees in the IHSS Health Plan to L.A. Care, with varying effective dates necessary to transition enrollees effective January 1, 2012, subject to review and approval by County Counsel and notification to your Board and the CEO.
6. Delegate authority to the Director of Health Services, or his designee, to amend Agreement No. H-213355 between the CHP and the PASC, to extend the term, currently expiring on December 31, 2011, on a month to month basis for up to three months, only if needed to ensure continued coverage for IHSS Health Plan enrollees during the transition of the IHSS Health Plan from CHP to L.A. Care; and
7. Delegate authority to the Director of Health Services, or his designee, to enter into one or more Letters of Agreement (LOAs) to continue or otherwise provide necessary treatment of IHSS enrollees to provide those unique health care services not offered by DHS to ensure patient continuity of care, with reimbursement at or near market rates, subject to review and approval by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 1, 2011, your Board approved a recommendation to negotiate and execute Medi-Cal Managed Care provider agreements with L.A. Care for Seniors and Persons with Disabilities (SPDs), effective March 1, 2011 through September 30, 2014, upon review and approval by County Counsel and the CEO, and with notice to your Board. Two provider agreements were negotiated and

executed, effective May 1, 2011 (one agreement for physician services and agreement for hospital services).

On March 29, 2011, your Board approved my policy recommendation that DHS transition the CHP staff to serve as the MSO for DHS, concentrate DHS resources on being the key provider of health care for Medi-Cal and uninsured populations in Los Angeles County, and transition all lines of business from the CHP to L.A. Care to assume all health plan functions, such transition occurring gradually, over the subsequent year.

Since the completion of the SPD provider agreements, the County negotiating team (composed of representatives from CEO, DHS and County Counsel) has conducted regular weekly meetings with L.A. Care, concentrating on the implementation of the provider agreements for the SPDs, the coordination of behavioral health benefits, and negotiations for the other CHP product lines, including IHSS, with a target of transitioning these lines by the end of 2011.

On July 26, 2011, your Board approved delegated authority for contractual actions necessary to transition the Medi-Cal Managed Care and Healthy Families enrollees from CHP to L.A. Care, with the transition scheduled for January 1, 2012, and September 30, 2012, respectively.

Delegated authority for contractual actions necessary to transition the IHSS enrollees is contained in this separate Board letter because it has the added complexity of agreements with the PASC.

The IHSS Health Plan is currently structured and organized through a complex set of inter-related agreements and Memoranda of Understanding (MOUs) and financial transactions. These include: 1) an Agreement between the County (DPSS) and the PASC related to, among other provisions, financing of IHSS provider wages and benefits; 2) an Agreement between the PASC and the County (DHS/CHP) related to the IHSS Health Plan benefits; 3) an MOU between DPSS and DHS related to the financing of the IHSS Health Plan benefits and the capitation payments; 4) DHS/CHP agreements with several non-County providers, and 5) a MOU between the PASC and Service Employees International Union (SEIU) related to the health plan benefits.

Transition of the IHSS enrollees will involve:

1. Amendment of the existing provider agreements or new provider agreements with L.A. Care to include the IHSS enrollees.
2. Replacement of the PASC/County (DHS/CHP) agreement with an Agreement between the PASC and L.A. Care and an Agreement between DPSS and L.A. Care.
3. Ratification of notice of contract termination or assignment/ delegation of CHP sub-contracted providers and other contractors, as needed.
4. Amendments to the County (DPSS)/PASC Agreement and the PASC/SEIU MOU to reflect the transition from CHP to L.A. Care;
5. Filings with the California Department of Managed Health Care for the transfer; and
6. Amendment of the DHS/DPSS MOU.

In addition, the terms of an agreement have been negotiated which will serve as the long-term framework of the financial relationship between L.A. Care and the County as the key safety net

provider in the County. This agreement, which is recommended in a separate Board letter, includes the ongoing use of cost-savings from the transition of all health plan functions from DHS (CHP) to L.A. Care to support the County safety net system.

In the event the transition date of January 1, 2012, of IHSS to L.A. Care must be extended due to issues related to regulatory filings and compliance, or for other unforeseen issues, DHS is seeking delegated authority to extend the existing agreement between DHS and the PASC beyond the December 31, 2011, expiration date for up to three months.

Finally, DHS is also seeking authority to enter into LOAs to provide those limited and specialized necessary medical services to IHSS enrollees that are not offered by DHS.

Implementation of Strategic Plan Goals

The recommended action supports Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total cost of the current IHSS Health Plan is budgeted by DPSS at \$122.1 million for 2011-12, offset by \$60.2 million in Federal revenue, \$40.2 million in State revenue, and \$21.7 million in net County cost, which is provided to DPSS as an Intrafund transfer by DHS. The budgeted costs and revenues for the IHSS Health Plan are not expected to change as a result of these recommendations. However, there are potential net benefits to the County as a result of this transition, as reflected in the long-term financial agreement between the County and L.A. Care, as presented in a separate Board letter for consideration by your Board.

The recommended agreements will continue to provide health coverage for approximately 39,000 IHSS workers, primarily at DHS facilities and maintain the revenues DHS receives to provide services to this population.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Transition of each of the CHP product lines to L.A. Care requires a different set of contractual notifications, amendments, and terminations. This Board Letter contains all of the actions necessary to transition the IHSS enrollees.

Guiding principles for these negotiations included, among others: a smooth and seamless transition for IHSS homecare workers enrolled in this program will be a top priority; transition does not impact the eligibility requirements for IHSS workers to receive healthcare coverage, nor does this impact the role of the PASC as the IHSS workers' employer of record; the benefit package should remain substantially similar and the health provider network will continue to be comprised mainly of County DHS providers and will include private providers only as needed to remain compliant with all applicable regulations; health care reimbursement to DHS and private providers should not decrease as a result of the transition; the administrative costs for the program should not increase as a result of the transition; and any cost savings associated with the health plan administering the program will be reinvested in projects that support the DHS provider network.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Successful implementation of these agreements, consistent with the policy recommendations approved by the Board on March 31, 2011, is part of the overall restructuring of DHS ambulatory care, as part of DHS' plan to reallocate resources and attention (e.g. to have CHP staff focus solely on performing the MSO function for DHS providers) to meet the needs under the 1115 Waiver.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:JFS:jp

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Auditor-Controller
Public Social Services